



Submission: Proposed NHI Governance Regulations

Federal Policy Unit
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Summary

In response to the Minister for Health's call for public comment on the proposed Governance Regulations of the NHI Fund, the Democratic Alliance (DA) argues that any attempts to introduce regulations related to the Fund are futile, as we believe that, in its current form, the NHI will fail to achieve its stated goal of expanding universal healthcare coverage.

The DA remains opposed to implementing the NHI Act in its current form as we believe that it would pose a significant threat to the South African economy and healthcare system. Section 49 of the Act states that the **taxpayer will fund the NHI**. The South African taxpayer is already overburdened, and additional taxes will only further damage the economy by significantly reducing the purchasing power of each taxpaying individual.

Section 2(a), which designates the state as the sole purchaser of healthcare services, will adversely affect the quality of healthcare in South Africa. If the Department implements price controls on payments to doctors and other medical professionals, it could result in a mass exodus of highly skilled healthcare workers, who may opt for opportunities abroad in search of better wages and economic security.

However, as the ANC-led Department of Health continues to pursue the implementation of the flawed NHI Act through these regulations, the DA hereby recommends that these regulatory proposals **not be supported or implemented**.

Proposed Governance Regulations of the NHI Fund

The DA **does not support** the proposed Regulations for the Governance of the NHI Fund because the party is **opposed to Ministerial overreach**. Both the NHI Act and the proposed regulations provide significant powers to the Minister for Health over the governance of the NHI Fund. This is problematic as it creates the potential for the politicisation of the Fund. Furthermore, the lack of independent oversight increases the risk of corruption and nepotism, as witnessed at other SOEs such as Eskom, Transnet, and PRASA. The party has identified three clauses where Ministerial over-reach is reinforced in the Regulations:

- **Clause 16(3):** Allows for the Minister for Health to reject the candidate for CEO of the Fund recommended by the Fund's Board. This gives the Minister significant influence over the final appointment.
- **Clause 21(4)(d):** Allows for the Minister for Health to reject the candidate members for the Advisory Committees selected by the Fund's Board. This gives the Minister significant influence over the final composition of these committees.
- **Clause 25(1)** Mandates that the Advisory Committee must act in consultation with the Minister when determining their working procedures. This is problematic as it allows the Minister to influence the workings of these committees, thereby opening the door to potential maladministration and corruption, as we have seen occur at other SOEs.

The DA's Plan to Expand Access to Affordable, Quality Healthcare

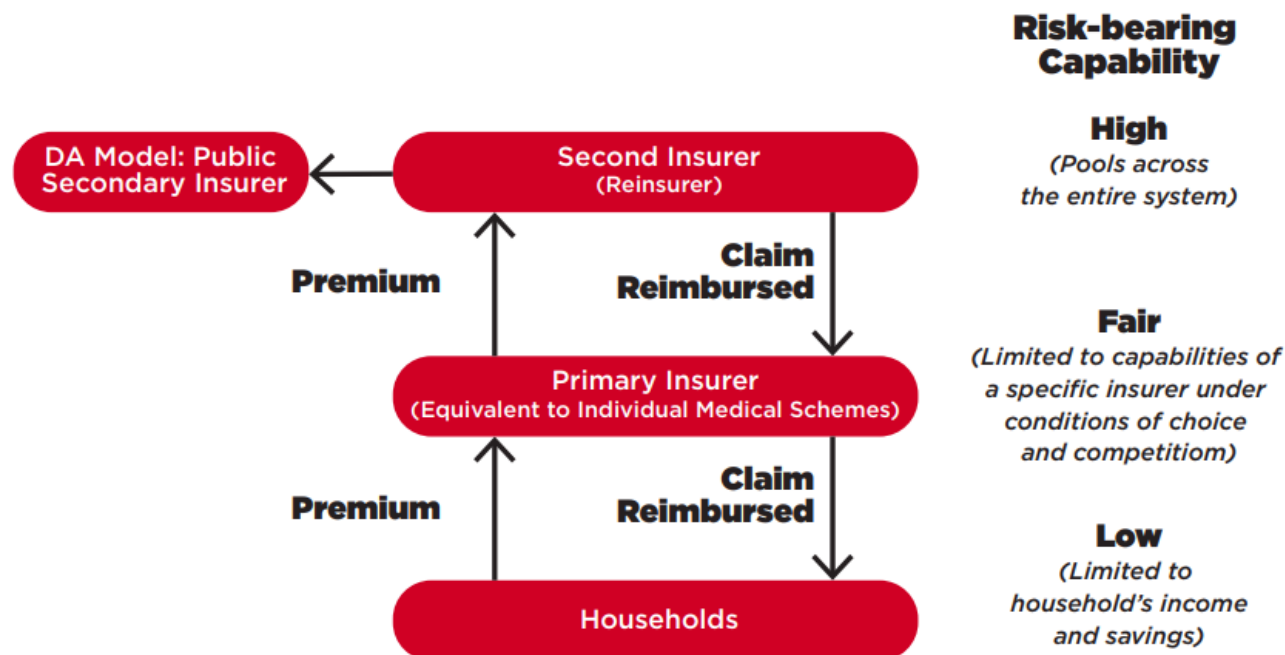
The DA remains committed to universal access to quality healthcare for all. In contrast to the ANC's approach to centralise healthcare services, we argue that implementing structural reforms enables better service delivery and governance in our public healthcare facilities and increases access to private healthcare. The DA maintains that the NHI Act is fundamentally flawed and will not achieve these objectives in its current form. Therefore, we oppose the implementation of the aforementioned proposed NHI governance regulations.

The DA has a comprehensive set of policy solutions to improve the South African healthcare system. Some of these DA's proposals include the following:

- **Separating politicians from administrations, regulators, and all public entities** responsible for delivering healthcare services. This measure will prevent harmful conflicts of interest in personnel appointments and procurement processes from hindering good governance and service delivery.
- **Establishing an investigative structure** to address fruitless, wasteful and irregular expenditure.
- **Establishing an Independent Watchdog for Healthcare Entities.** The independent watchdog will supervise all regulators, all key hospitals, key health services and health districts. They will have the power to supervise the procurement processes, oversee human resource matters, and appoint and remove relevant chief executives.

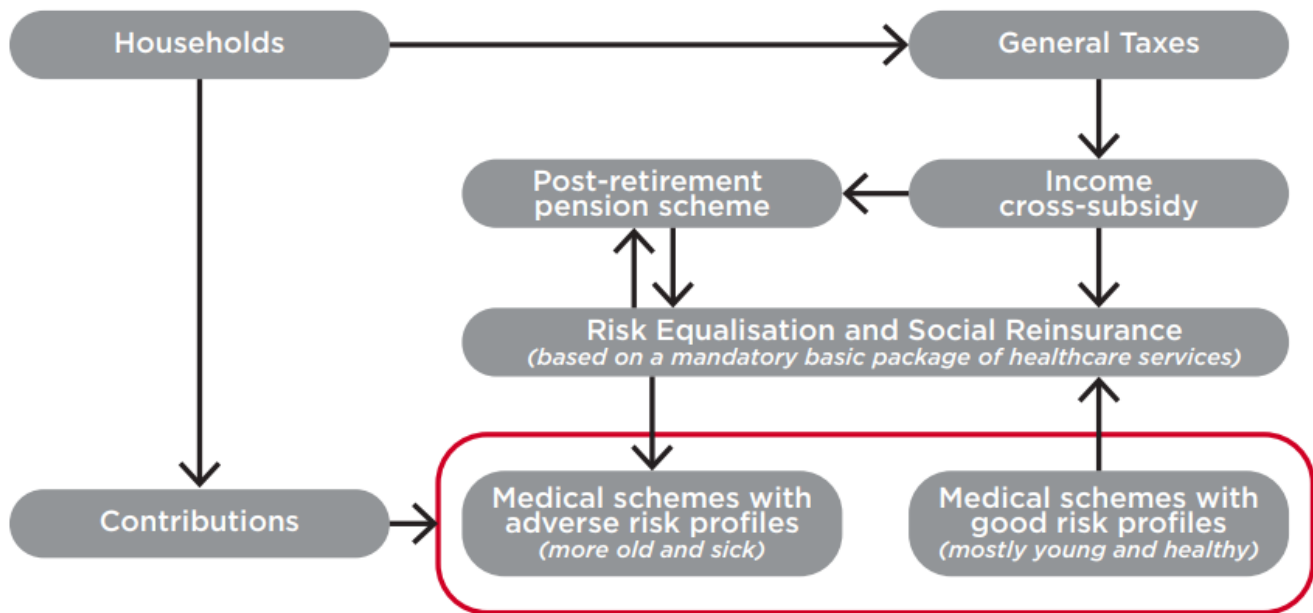
- **Establishing an independent National Health Appointments Authority (NHAA)** to guarantee the autonomy of the Watchdog. The NHAA will handle supervisory structure members' nomination, appointment, and removal processes, moving these responsibilities away from the executive.
- **Introducing social reinsurance for medical schemes, which manages the risk of high-cost claims at the level of the system rather than by individual medical schemes,** thereby promoting greater competition from small schemes and new market entrants.

Figure 1: DA Model: The Private Sector Framework



- **Introducing a risk-equalisation mechanism for medical schemes:** Risk-equalisation transfers funds between different medical schemes to adjust the demographic profile faced by each scheme to that of the system as a whole for a mandatory minimum benefit.

Figure 2: Strategic Pooling Framework for Medical Schemes



Together, these measures will transform the incentives of medical schemes to compete on the cost and quality of healthcare services while ensuring fair access to health insurance regardless of health status.

Conclusion

The DA believes that the proposed Governance Regulations for the NHI Fund **should not be implemented**. We affirm that implementing the proposals to rescue South Africa's healthcare system outlined in our [2024 Election Manifesto](#) would be central to achieving the goal of true universal access to quality healthcare consistent with Section 27 of the Bill of Rights. Given South Africa's public healthcare crisis, workable, cost-effective solutions should be central to all health-related policy decisions.